

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Verona Township</b>	County <b>Huron</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>9/1/04</b>	Date Accountant Report Submitted to State: <b>9/8/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Brining &amp; Nartker, P.C.</b>			
Street Address <b>64 Westland Drive</b>	City <b>Bad Axe</b>	State <b>MI</b>	ZIP <b>48413</b>
Accountant Signature <i>Brining &amp; Nartker, P.C. by: Douglas P. Brining CPA</i>		Date <b>9/8/04</b>	

**TOWNSHIP OF VERONA  
HURON COUNTY, MICHIGAN**

**FINANCIAL REPORT  
MARCH 31, 2004**

**TOWNSHIP OF VERONA, HURON COUNTY**

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# BRINING & NARTKER, P.C.

*Certified Public Accountants*

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Members of  
Michigan Association of  
Certified Public Accountants  
  
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Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Honorable Township Board Members  
Township of Verona  
Huron County, Michigan

### Members of the Board:

We have audited the accompanying general purpose financial statements of the Township of Verona, as of March 31, 2004 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the Township of Verona. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Verona as of March 31, 2004, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Verona. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.



BRINING & NARTKER, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

September 1, 2004

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**TOWNSHIP OF VERONA, HURON COUNTY**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP**  
**MARCH 31, 2004**

	<u>GOVERNMENTAL FUND TYPES</u>		<u>FIDUCIARY FUND TYPE</u>	<u>ACCOUNT GROUP</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>TRUST AND AGENCY</u>	<u>GENERAL FIXED ASSETS</u>	
<u>ASSETS</u>					
Cash	\$ 616,450	\$ 140,985	\$ 255,252	\$ -	\$ 1,012,687
Taxes and fees receivable	4,064	9,742	-	-	13,806
Due from other funds	63,644	128,747	-	-	192,391
Land and equipment	-	-	-	119,773	119,773
<b>TOTAL ASSETS</b>	<u><u>\$ 684,158</u></u>	<u><u>\$ 279,474</u></u>	<u><u>\$ 255,252</u></u>	<u><u>\$ 119,773</u></u>	<u><u>\$ 1,338,657</u></u>
<u>LIABILITIES AND FUND EQUITY</u>					
LIABILITIES:					
Due to other funds	\$ -	\$ -	\$ 192,391	\$ -	\$ 192,391
Performance bond - Road Commission	-	3,000	-	-	3,000
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>3,000</u>	<u>192,391</u>	<u>-</u>	<u>195,391</u>
FUND EQUITY:					
Fund balance	684,158	276,474	62,861	-	1,023,493
Investment in general fixed assets	-	-	-	119,773	119,773
<b>TOTAL FUND EQUITY</b>	<u>684,158</u>	<u>276,474</u>	<u>62,861</u>	<u>119,773</u>	<u>1,143,266</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u><u>\$ 684,158</u></u>	<u><u>\$ 279,474</u></u>	<u><u>\$ 255,252</u></u>	<u><u>\$ 119,773</u></u>	<u><u>\$ 1,338,657</u></u>

The accompany notes are an integral part of the financial statements.

**TOWNSHIP OF VERONA, HURON COUNTY**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED MARCH 31, 2004**

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTALS</u> <u>(MEMORANDUM</u> <u>ONLY)</u>
	<u>GENERAL</u>	<u>SPECIAL</u> <u>REVENUE</u>	
REVENUES:			
Taxes	\$ 64,654	\$ 137,882	\$ 202,536
Licenses and permits	2,183	-	2,183
Intergovernmental revenue	99,048	-	99,048
Interest and rentals	15,167	4,039	19,206
Other	2,386	1,189	3,575
TOTAL REVENUES	<u>183,438</u>	<u>143,110</u>	<u>326,548</u>
EXPENDITURES:			
General government	79,799	-	79,799
Public works	17,392	70,686	88,078
Fire protection	-	60,168	60,168
Cemetery	-	3,497	3,497
Capital outlay	2,462	-	2,462
TOTAL EXPENDITURES	<u>99,653</u>	<u>134,351</u>	<u>234,004</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>83,785</u>	<u>8,759</u>	<u>92,544</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	22,013	22,013
Operating transfers out	(21,679)	-	(21,679)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(21,679)</u>	<u>22,013</u>	<u>334</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>62,106</u>	<u>30,772</u>	<u>92,878</u>
FUND BALANCE - April 1	622,052	245,702	867,754
FUND BALANCE - March 31	<u>\$ 684,158</u>	<u>\$ 276,474</u>	<u>\$ 960,632</u>

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF VERONA, HURON COUNTY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL -  
 GENERAL AND SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED MARCH 31, 2004**

	GENERAL FUND			SPECIAL REVENUE FUNDS			TOTALS (MEMORANDUM ONLY)		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES:									
Taxes	\$ 68,938	\$ 64,654	\$ (4,284)	\$ 137,054	\$ 137,882	\$ 828	\$ 205,992	\$ 202,536	\$ (3,456)
Licenses and permits	3,800	2,183	(1,617)	-	-	-	3,800	2,183	(1,617)
Intergovernmental revenue	100,000	99,048	(952)	-	-	-	100,000	99,048	(952)
Interest and rentals	9,000	15,167	6,167	1,400	4,039	2,639	10,400	19,206	8,806
Other	-	2,386	2,386	-	1,189	1,189	-	3,575	3,575
TOTAL REVENUES	181,738	183,438	1,700	138,454	143,110	4,656	320,192	326,548	6,356
EXPENDITURES:									
General government	107,639	79,799	27,840	-	-	-	107,639	79,799	27,840
Public works	23,800	17,392	6,408	105,000	70,686	34,314	128,800	88,078	40,722
Fire protection	-	-	-	61,950	60,168	1,782	61,950	60,168	1,782
Cemetery	-	-	-	4,350	3,497	853	4,350	3,497	853
Capital outlay	2,462	2,462	-	-	-	-	2,462	2,462	-
TOTAL EXPENDITURES	133,901	99,653	34,248	171,300	134,351	36,949	305,201	234,004	71,197
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	47,837	83,785	35,948	(32,846)	8,759	41,605	14,991	92,544	77,553
OTHER FINANCING SOURCES (USES)									
Operating transfers in	-	-	-	1,000	22,013	21,013	1,000	22,013	21,013
Operating transfers out	-	(21,679)	(21,679)	-	-	-	-	(21,679)	(21,679)
TOTAL OTHER FINANCING SOURCES (USES)	-	(21,679)	(21,679)	1,000	22,013	21,013	1,000	334	(666)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	47,837	62,106	14,269	(31,846)	30,772	62,618	15,991	92,878	76,887
FUND BALANCE - April 1	622,052	622,052	-	245,702	245,702	-	867,754	867,754	-
FUND BALANCE - March 31	\$ 669,889	\$ 684,158	\$ 14,269	\$ 213,856	\$ 276,474	\$ 62,618	\$ 883,745	\$ 960,632	\$ 76,887

The accompanying notes are an integral part of the financial statements.



**TOWNSHIP OF VERONA, HURON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Description of Township Operations:

The Township is located in Huron County, Michigan, and has approximately 1,200 residents. It is governed by a five person elected board and provides the following services to its residents: fire protection, highways and streets, and general administrative services.

Reporting Entity:

In accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, the definition of the reporting entity is based primarily on the premise of financial accountability. The Township is a primary government and is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it. These types of organizations are deemed component units.

Based on the provisions of GASB 14, there are no organizations that are deemed to be component units of the Township.

Basis of Presentation:

The accounts of the Township are organized on the basis of funds and account groups, each of which is a separate accounting entity with its own set of self-balancing accounts including assets, liabilities, fund equity, revenues and expenditures. The following funds and account groups are used by the Township:

Governmental Fund Types:

General Fund - This fund is the general operating fund of the Township. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Fiduciary Fund Types:

Trust and Agency Funds - These funds are used to account for assets held in trust or as an agent for others.

Account Group:

General Fixed Assets - This account group is used to account for fixed assets used in governmental fund type operations. All fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

Total Columns on Combined Statements:

The total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to facilitate analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(Continued)

**TOWNSHIP OF VERONA, HURON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004  
(CONTINUED)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types and trust and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual are property taxes, licenses, interest revenue and charges for services. Fine and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Accounting Estimates:

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Property Taxes:

Properties are assessed as of December 31, and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14, with the final collection date of February 28, before they are added to the County tax rolls.

The delinquent real property taxes of the Township are purchased by the County of Huron. The County sells tax notes, the proceeds of which are used to pay the Township for these property taxes. These taxes have been recorded as revenue for the current year.

General Fixed Assets:

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on such assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized.

**NOTE 2 - BUDGETS:**

In the combined financial statements, the Township's actual expenditures and amended budgeted expenditures for budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the line item level. The budgeted amounts shown in budget to actual comparisons are the final amended budgets. All annual appropriations lapse at year end. The Township does not utilize encumbrance accounting.

(Continued)

**TOWNSHIP OF VERONA, HURON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004  
(CONTINUED)**

**NOTE 2 - BUDGETS:** (Continued)

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year ended March 31, 2004, the Township did not incur expenditures in excess of the amounts appropriated.

**NOTE 3 - CASH AND INVESTMENTS:**

Deposits - The Township's cash accounts consist of various interest bearing checking accounts and certificates of deposit. As of March 31, 2004, the carrying amount of the Township's deposits was \$1,012,687 and the bank balance was \$1,029,610. Of the bank balance, \$300,441 was covered by Federal Depository Insurance and included \$170,365 in certificates of deposit.

**NOTE 4 - INTERFUND RECEIVABLE AND PAYABLE BALANCES:**

Interfund receivable and payable balances as of March 31, 2004 are as follows:

	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
General fund:		
Tax Collection Fund	\$ 63,644	\$ -
Road Fund:		
Tax Collection Fund	73,856	-
Fire Fund:		
Tax Collection Fund	54,891	-
Tax Collection Fund:		
General Fund	-	63,644
Road Fund	-	73,856
Fire Fund	-	54,891
	-	192,391
	<u>\$ 192,391</u>	<u>\$ 192,391</u>

**NOTE 5 - CHANGES IN GENERAL FIXED ASSETS:**

The following is a summary of the changes in general fixed assets:

	<u>BALANCE APRIL 1, 2003</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE MARCH 31, 2004</u>
Land	\$ 13,500	\$ -	\$ -	\$ 13,500
Building Improvements	15,364	-	-	15,364
Equipment	18,231	2,462	-	20,693
Fire Department	70,216	-	-	70,216
Total	<u>\$ 117,311</u>	<u>\$ 2,462</u>	<u>\$ -</u>	<u>\$ 119,773</u>

**TOWNSHIP OF VERONA, HURON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004  
(CONTINUED)**

**NOTE 6 - JOINT VENTURE:**

Pursuant to an inter-local agreement dated September 7, 1990 between the Township and the City of Bad Axe and Colfax Township, fire protection services are provided by the Bad Axe Area Fire Protection Association. At inception, the Township contributed \$70,216 for its equity interest in the equipment of the Association and this amount has been recorded in the General Fixed Asset Account Group of the Township. The Township makes annual operating contributions to the Association based on a formula included in the agreement. The equity interest is calculated based on the Township's total contributions as a percentage of all contributions received by the Association. As of March 31, 2004, the equity interest recorded by the Township consists of the original contribution in the amount of \$70,216.

Separate financial statements through 2003 for the joint venture are available from the Bad Axe Area Fire Protection Association.

**NOTE 7 – PROPERTY TAX LEVY:**

The Township's tax levy for the year is based on a taxable value of \$40,816,422. The mills levied per \$1,000 of taxable value are as follows:

General Fund	1.2827
Road Fund	1.9994
Emergency Services Fund	1.4860
	<hr/>
	4.7681
	<hr/>

## **SUPPLEMENTAL INFORMATION**

**TOWNSHIP OF VERONA, HURON COUNTY  
GENERAL FUND  
STATEMENT OF REVENUES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Taxes:			
Property taxes and fees	\$ 68,938	\$ 64,654	\$ (4,284)
Licenses and permits	3,800	2,183	(1,617)
Intergovernmental revenue:			
State shared revenue	100,000	99,048	(952)
Interest and rentals	9,000	15,167	6,167
Other revenue	-	2,386	2,386
TOTAL REVENUES	<u>\$ 181,738</u>	<u>\$ 183,438</u>	<u>\$ 1,700</u>

**TOWNSHIP OF VERONA, HURON COUNTY  
GENERAL FUND  
STATEMENT OF EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES:			
General government:			
Salaries and wages	\$ 37,200	\$ 29,700	\$ 7,500
F.I.C.A.	3,250	2,744	506
Board of review	1,200	1,080	120
Board of appeals	400	-	400
Insurance and bonds	5,500	3,911	1,589
Dues and meetings	7,300	5,519	1,781
Ambulance	3,373	3,373	-
Election expense	2,800	338	2,462
Printing	650	293	357
Legal fees	2,200	1,187	1,013
Accounting fees	600	325	275
Planning commission	2,500	1,114	1,386
Library	6,316	6,316	-
Office supplies	6,600	4,571	2,029
Hall maintenance	2,500	418	2,082
Assessing	12,000	8,469	3,531
Permits and inspections	900	435	465
Summer program	250	168	82
Master plan	12,000	9,836	2,164
Miscellaneous	100	2	98
Total general government	<u>107,639</u>	<u>79,799</u>	<u>27,840</u>
Public works:			
Drains at large	20,000	15,357	4,643
Street lights and utilities	2,800	2,035	765
Ditch reimbursements	1,000	-	1,000
Total public works	<u>23,800</u>	<u>17,392</u>	<u>6,408</u>
Capital outlay	2,462	2,462	-
TOTAL EXPENDITURES	<u>\$ 133,901</u>	<u>\$ 99,653</u>	<u>\$ 34,248</u>

**TOWNSHIP OF VERONA, HURON COUNTY  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
MARCH 31, 2004**

	<u>ROAD FUND</u>	<u>FIRE FUND</u>	<u>CEMETERY FUND</u>	<u>TOTALS</u>
<u>ASSETS</u>				
Cash	\$ 90,736	\$ 40,852	\$ 9,397	\$ 140,985
Taxes receivable	5,589	4,153	-	9,742
Due from other funds	73,856	54,891	-	128,747
TOTAL ASSETS	<u>\$ 170,181</u>	<u>\$ 99,896</u>	<u>\$ 9,397</u>	<u>\$ 279,474</u>
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES:				
Performance bond	\$ 3,000	\$ -	\$ -	\$ 3,000
TOTAL LIABILITIES	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
FUND BALANCE:				
Fund balance	167,181	99,896	9,397	276,474
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 170,181</u>	<u>\$ 99,896</u>	<u>\$ 9,397</u>	<u>\$ 279,474</u>



**TOWNSHIP OF VERONA, HURON COUNTY**  
**SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED MARCH 31, 2004**

	<u>ROAD FUND</u>	<u>FIRE FUND</u>	<u>CEMETERY FUND</u>	<u>TOTALS</u>
REVENUES:				
Taxes	\$ 79,109	\$ 58,773	\$ -	\$ 137,882
Interest	1,991	659	1,389	4,039
Lot sales	739	-	450	1,189
TOTAL REVENUES	<u>81,839</u>	<u>59,432</u>	<u>1,839</u>	<u>143,110</u>
EXPENDITURES:				
Road construction and maintenance	70,686	-	-	70,686
Fire protection	-	60,168	-	60,168
Cemetery	-	-	3,497	3,497
TOTAL EXPENDITURES	<u>70,686</u>	<u>60,168</u>	<u>3,497</u>	<u>134,351</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,153</u>	<u>(736)</u>	<u>(1,658)</u>	<u>8,759</u>
OTHER FINANCING SOURCES:				
Operating transfers in	-	20,679	1,334	22,013
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>11,153</u>	<u>19,943</u>	<u>(324)</u>	<u>30,772</u>
FUND BALANCE - April 1	156,028	79,953	9,721	245,702
FUND BALANCE - March 31	<u><u>\$ 167,181</u></u>	<u><u>\$ 99,896</u></u>	<u><u>\$ 9,397</u></u>	<u><u>\$ 276,474</u></u>

**TOWNSHIP OF VERONA, HURON COUNTY  
ROAD FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Taxes	\$ 78,620	\$ 79,109	\$ 489
Interest	-	1,991	1,991
Other	-	739	739
TOTAL REVENUES	<u>78,620</u>	<u>81,839</u>	<u>3,219</u>
EXPENDITURES:			
Road construction and maintenance	95,000	61,585	33,415
Brine	10,000	9,101	899
TOTAL EXPENDITURES	<u>105,000</u>	<u>70,686</u>	<u>34,314</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(26,380)</u>	<u>11,153</u>	<u>37,533</u>
FUND BALANCE - April 1	156,028	156,028	-
FUND BALANCED - March 31	<u>\$ 129,648</u>	<u>\$ 167,181</u>	<u>\$ 37,533</u>

**TOWNSHIP OF VERONA, HURON COUNTY  
FIRE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Taxes	\$ 58,434	\$ 58,773	\$ 339
Interest	-	659	659
TOTAL REVENUES	<u>58,434</u>	<u>59,432</u>	<u>998</u>
EXPENDITURES:			
Fire protection agreement	60,000	58,556	1,444
Board fees	1,950	1,612	338
TOTAL EXPENDITURES	<u>61,950</u>	<u>60,168</u>	<u>1,782</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,516)</u>	<u>(736)</u>	<u>2,780</u>
OTHER FINANCING SOURCES:			
Operating transfers in	-	20,679	20,679
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>(3,516)</u>	<u>19,943</u>	<u>23,459</u>
FUND BALANCE - April 1	79,953	79,953	-
FUND BALANCE - March 31	<u>\$ 76,437</u>	<u>\$ 99,896</u>	<u>\$ 23,459</u>

**TOWNSHIP OF VERONA, HURON COUNTY  
CEMETERY FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Interest	\$ 1,400	\$ 1,389	\$ (11)
Lot sales	-	450	450
TOTAL REVENUES	<u>1,400</u>	<u>1,839</u>	<u>439</u>
EXPENDITURES:			
Labor	3,250	3,008	242
Supplies	1,100	489	611
TOTAL EXPENDITURES	<u>4,350</u>	<u>3,497</u>	<u>853</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,950)</u>	<u>(1,658)</u>	<u>1,292</u>
OTHER FINANCING SOURCES:			
Operating transfers in	1,000	1,334	334
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>(1,950)</u>	<u>(324)</u>	<u>1,626</u>
FUND BALANCE - April 1	9,721	9,721	-
FUND BALANCE - March 31	<u>\$ 7,771</u>	<u>\$ 9,397</u>	<u>\$ 1,626</u>

**TOWNSHIP OF VERONA, HURON COUNTY  
TRUST AND AGENCY FUNDS  
COMBINING BALANCE SHEET  
MARCH 31, 2004**

	<u>PERPETUAL CARE FUND</u>	<u>CURRENT TAX COLLECTION FUND</u>	<u>TOTALS</u>
<u>ASSETS</u>			
Cash	\$ 62,861	\$ 192,391	\$ 255,252
TOTAL ASSETS	<u>\$ 62,861</u>	<u>\$ 192,391</u>	<u>\$ 255,252</u>
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES:			
Due to other funds	\$ -	\$ 192,391	\$ 192,391
FUND BALANCE:			
Fund balance	62,861	-	62,861
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 62,861</u>	<u>\$ 192,391</u>	<u>\$ 255,252</u>

**TOWNSHIP OF VERONA, HURON COUNTY  
PERPETUAL CARE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED MARCH 31, 2004**

REVENUES:	
Perpetual care - sale of lots	\$ 950
Interest	214
	<hr/>
TOTAL REVENUES	1,164
OTHER FINANCING SOURCES (USES):	
Operating transfers out	(334)
	<hr/>
EXCESS OF REVENUES OVER OTHER FINANCING USES	1,498
	<hr/>
FUND BALANCE - April 1	62,031
	<hr/>
FUND BALANCE - March 31	<u><u>\$ 63,529</u></u>

**TOWNSHIP OF VERONA, HURON COUNTY  
CURRENT TAX COLLECTION FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED MARCH 31, 2004**

	<u>BALANCE</u> <u>APRIL 1, 2003</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>MARCH 31, 2004</u>
<u>ASSETS</u>				
Cash	\$ 188,968	\$ 1,161,827	\$ 1,158,404	\$ 192,391
TOTAL ASSETS	<u>\$ 188,968</u>	<u>\$ 1,161,827</u>	<u>\$ 1,158,404</u>	<u>\$ 192,391</u>
<u>LIABILITIES</u>				
Due to other funds	\$ 188,968	\$ 204,437	\$ 201,014	\$ 192,391
Due to county	-	488,498	488,498	-
Due to schools	-	468,892	468,892	-
TOTAL LIABILITIES	<u>\$ 188,968</u>	<u>\$ 1,161,827</u>	<u>\$ 1,158,404</u>	<u>\$ 192,391</u>

# BRINING & NARTKER, P.C.

*Certified Public Accountants*

DOUGLAS P. BRINING, CPA  
JOSEPH H. NARTKER, CPA

STEVEN J. WATSON, CPA  
JOY A KERR, CPA  
EDWARD J. MOORE, CPA

Members of  
Michigan Association of  
Certified Public Accountants  
American Institute of  
Certified Public Accountants

September 1, 2004

Honorable Township Board Members  
Township of Verona  
Huron County, Michigan

The following comments relate to situations brought to our attention during the course of our recent audit of the Township of Verona financial statements, for the year ended March 31, 2004 and are submitted for your evaluation and consideration. We would like to emphasize that, since our audit was conducted for the purpose of expressing an opinion on the aforementioned financial statements, these comments are not necessarily all inclusive.

## Tax Collection Fund

The change in tax collection rules to include a summer collection prompted the Township to open a second bank account to be used for the state education tax millage. This causes additional work for the treasurer in the form of monthly bank reconciliations and requires the use of Township funds to meet minimum bank balance requirements in two accounts rather than just one. Therefore, we recommend that the Township have only one bank account in the Tax Collection Fund.

Also, we recommend that all money in the Tax Collection Fund bank account(s) be paid to the Township funds that levy the millage as soon as the settlement procedure is completed. This includes all taxes, administrative fees and interest collected except for the minimum amount necessary to keep the account open.

## Prenumbered Documents

The Michigan Department of Treasury in its "Uniform Accounting Procedures Manual" sets out minimum internal controls over cash receipts. These include the use of three part official receipts that are prenumbered by the printer. Currently, your receipts for cash received do not include this prenumbering. We recommend that all future receipts purchased be prenumbered by the printer. It would also be a useful internal control procedure to include preprinted sequential numbers on the check orders used by the Board as part of their internal controls over cash disbursements.

We wish to take this opportunity to thank the Township officials with whom we have worked for the cooperation we received throughout our audit.

As always, our firm will be happy to assist in implementing any recommendations approved by the Board.

  
BRINING & NARTKER, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS